



Board of Light, Gas and Water Commissioners

220 S. Main Street
Memphis, TN 38103
www.mlgw.com

Special Called Board Meeting

~ Minutes ~

Thursday, September 1, 2022

8:30 AM

Board Room

CALL TO ORDER AND OPENING REMARKS:

Chairman Graves

The meeting was called to order at 8:31 a.m.

Chairman Graves wished "Happy 901 Day" to all present. He reminded everyone that today's meeting covers one subject. He also acknowledged several elected officials that are present for the meeting today.

PLEDGE OF ALLEGIANCE:

Chairman Graves

The Pledge of Allegiance was recited.

ROLL CALL:

Dana Jeanes

Attendee Name	Title	Status	Arrived
Michael Pohlman	Board Member	Present	
Cheryl Pesce	Board Member	Present	
Carl Person	Board Member	Present	
Mitch Graves	Chairman	Present	
Leon Dickson	Vice-Chair	Present	

GENERAL STATEMENTS FROM THE PUBLIC:

(Public statements are limited to the subject matter of today's meeting.)

1) Yvonne M. Becton, 1166 Nester Cove, addressed the Board. She stated she is speaking for herself and other members of the Westwood community. She stated that TVA has been a benefit to her and others in her community by providing assistance with the energy efficiency home program, making improvements to their homes. She stated she is blessed to have their service. She expressed that she wants TVA to remain as the MLGW power supplier. She added that TVA cares about the people and is a partner to the City of Memphis, not just a power supplier.

2) Ron Robertson, 2505 Yester Oaks Dr., Germantown, TN informed the Board he has lived in Shelby County for about 40 years. He is a member of TN Valley's Farmers Group in Hardin County and farms along the Tennessee River. Mr. Robertson spoke of flooding and erosion issues. He commended TVA for help they have given, such as flood control and navigation along the river. He added that TVA has a diverse and reliable power generation system, state of the art generation network, and no brown outs this summer. He wanted the Board to know that in his opinion he doesn't think we can do any better than TVA.

3) Dominique Jennes, 351 E. McLemore Ave., Memphis, addressed the Board. She stated she belongs to an organization that focuses on taking action against lead exposure. She stated that TVA increased the fuel cost adjustment which caused her bill to go up drastically. She expects MLGW to offer more renewable sources regardless of

the power supplier of choice. She also asked when information pertaining to the vendors would be released to the public.

4) Pearl Eva Walker, 5378 Loch Lomand Rd., Memphis 38116, Environmental and Justice Chair for the Memphis Chapter NAACP. She stressed the importance of communities being given the opportunity to be involved in the decision making of environmental and energy burden decisions. She stated a few months ago we were talking about the "path of least resistance" and today we are talking about the "path of less information". She stated the GDS presentation earlier this year was not "balanced". She is hoping today GDS has broadened their comparisons. She stated Memphis could be one of the largest beneficiaries of the Inflation Reduction Act by receiving millions of dollars allowing clean energy transitioning and tax credits. She spoke of Cornelia Crenshaw, an energy, equity, and justice advocate who led protests and was a voice for the community.

5) Mayor of Germantown, TN, Mike Palazzolo, 2455 Arthur Road, Germantown, TN 38138, addressed the Board. He informed them he is joined today by Vice-Mayor Mary Anne Gibson and Alderman Sherry Hicks. He thanked the MLGW Board, President, Senior Leadership, and Staff for making themselves available to answer questions for the municipal mayors. He added that he represents Germantown; however, he wanted the Board to know that all the municipal cities have presented resolutions to the Board and wanted to reaffirm that publicly and in person. He respectfully requested that the MLGW board and leadership would consider rate payer representation for the entire footprint of the MLGW service area, confirming this is something the municipal leaders and resident's support.

6) Paul Klein, 1841 Black Bear Circle, Cordova, TN 38016, Volunteer with Climate Reality Project, Memphis and Mid-South Chapter and rate paying Memphis resident. He has lived in Memphis for three years and acknowledged this decision has been in the works since he has lived here and before. He stated he is most concerned about the 19% of population living below the poverty line. He noted that fossil gas prices are increasing and in turn become a burden for those that live below the poverty level. He discussed his concern related to climate warming emissions to come. He asked that if MLGW stays with TVA that the board insist they use more renewable energy resources or chose a provider that will do the same. He reminded the board how the community reacted when the Byhalia pipeline was threatening the aquifer. He stated he supports short term contracts, not long-term contracts. He quoted part of the MLGW Way mission statement and encouraged the board to make their decision based on that.

7) Duffy-Marie Arnoult, 1662 Autumn Ave., Memphis, 38112, Southeastern Director with the Climate Reality Project, addressed the Board asking them to consider the frequent weather extremes our planet faces. She urged the board to reduce reliance on fossil fuels and focus on renewal energy sources. She stated that TVA uses little renewable energy, and we must push our supplier for more renewable energy options. She stated that TVA had activists removed from their listening session this week and feel they are not being heard. She encouraged leadership to lead with transparency and focus on cleaner air and water and their knowledge in green technology.

8) Justin Pearson, 3831 Masterson St., addressed the board stating today is a historic day, that citizens will hear from MLGW's leadership. He added that MLGW was not transparent allowing the public to see proposals. He said he is coming to the meeting

with "big asks"; stop pipelines and gas lines from being built. He wants the power supplier to use resources where the citizens that live within poverty do not suffer. He asked for no long-term contracts. He elaborated on the topic of coal being burned and the toxic chemicals released in the air. He encouraged the Board to ask questions that pertain to how the community will be affected with the decision they make.

9) Chris Soper, 1145 Quinn Rd, Collierville, TN, stated he is the Maintenance Director with Valero. He added that everyday Valero is making fuel. Valero operates 24 hours a day, 7 days a week, and to produce the fuel their company needs reliable energy. He recommends keeping TVA and have found over the years, they have been reliable.

10) Dennis Lynch, 347 N. McClean, is here today as a clean energy advocate. He stated he served on the PSAT (Power Supply Advisory Team) Committee. He believes we are going in the wrong direction and pointed out the climate change scenario. He stated solar and wind costs have dropped about 90%. He added that no one in the current realm looked at 100% clean energy scenario and he believes it is doable. He stated the RFP was guided by recommendations and the RFP was bogus. He discussed specific portfolios he would like to see, and the costs savings related to those and how to take the cost savings and divide it out among various priorities. He stated most of the reliability issues in Memphis has to do with trees and overhead power lines.

11) Mike Wissman, 5002 Brian Ridge Rd., deferred to Mayor Palazzo's comments.

12) Yolanda Spinks, *ADDRESS REMOVED AT CUSTOMER'S REQUEST, stated she grew up where you just pay the MLGW bill, no disputing it. She talked about a lawsuit in Chicago pertaining to parking rights. She believes we should select a provider that provides clean energy. She encouraged the Board to make the best decisions for all citizens of Memphis, regardless of race, gender, and zip codes. She discussed decisions the poverty stricken are having to make. She also stated she is opposed to long-term commitments.

13) Simone Christmas, 4404 Cimmaron, Memphis, 38109, stated she is advocating that MLGW researches all options in renewable energy resources. She believes that solar energy could have made things better during the winter storm. She is asking the board to consider the energy options and do what is right for Memphis and consider the future.

14) Ray Bauer, 755 University St., representing "21st Century: Memphis or Bust" wanted to know when all information including bids will be released to the public and where to access it. President Young told her they will be available to the public

15) Sarah Houston, 200 Wagner Place, stated the decision the MLGW board must make is related to the aquifer and the water supply. She shared the statistics related to water, wells, and contamination. She stated there is a billion-dollar contract on the line. She noted that renewable energy doesn't charge more during higher demands and doesn't strain the water system. She asked the Board to make their decision on what Memphis deserves and chose a partner that will be involved in home weatherization programs, renewal energy, and invest in the community.

Chairman Graves thanked everyone that came to speak today and the municipalities for their resolutions. He added that their decision will take into consideration taking care of our planet, as well as reliability.

PRESIDENT'S BRIEFING:**1. Overview and Acknowledgements - J. T. Young, President/CEO MLGW**

President Young welcomed everyone and thanked everyone for this presence and input. He pointed out that indeed this has been a lengthy process and he is grateful we have reached this day. He explained the layout of the meeting. He reminded everyone that today is updated information from the short list of bidders. There were twenty-four bids total and thirteen bids on the short list. He added that this process has been complicated.

He reminded everyone that the IRP is very important, but particularly in the power industry, but doesn't necessarily mean that everything discussed in the IRP is what occurs in the out-put. In addition, he added that this has been an arduous task, to the fact that MLGW has no generation and has been dependent on TVA for power supply. He expressed his appreciation to the team that has worked diligently. He thanked Frank Fletcher as he has been the project manager. He also thanked Rod Cleek. He stated at the end of the meeting, he will have a list of others that he would like to recognize and thank.

He added that this has taken a long time, but this has been the "right process" which required patience and delivery. He stated he appreciates Siemens and GDS for working with our leadership team.

President Young stated he wanted to disclose and out of an abundance of caution, wanted to read into the record it has come to his attention that one of the bidders is NextEra and that is an entity which he receives retirement benefits from. NextEra purchased the company from his former employer, and they manage the retirement plan. He reiterated that he is not an officer, doesn't have any controlling interest in NextEra and has not been in any discussions with NextEra throughout this process. He stated he wanted to disclose this indirect interest to the Board pursuant to MLGW Policy 23-15, in case any questions arise in the future.

2. GDS & Associates, Inc. - Power Supply RFP Process and Updated Cost Projections - Chris Dawson, Vice President of Power Supply

Chris Dawson opened the presentation explaining that in June, GDS presented "where we were at that time". Today he explained he will be covering the RFP recap, savings analysis, updated RFP proposal evaluation, updated analysis, and RFP conclusions. He emphasized this does represent the "latest and greatest price information" related to today.

He covered the industry terms and acronyms slide. He explained that a new acronym since June is the IRA (Inflation Reduction Act) Act. He explained this is an Act that President Biden signed recently and does make a tremendous impact on our industry.

He reminded everyone that this was a process following up from an IRP process to allow MLGW to deliver reliable service to the community.

He explained that what the IRP process did was think through legitimate viable resource alternatives that would provide reliable service. He explained the slide titled "MLGW RFP Portfolios" is an illustration of new infrastructure that would be necessary, cut ties from TVA and invest billions of dollars in this undertaking.

Mr. Dawson explained the timing and various steps from June 2021 through August 2022. He discussed how the short list vendors were selected through scoring. Then in early August, the short list vendors were asked to send updated proposals since pricing went back to June. Therefore, earlier in August, the vendors provided updated pricing according to current conditions, what they would be willing to commit to selling the power, build those transmission lines, power plants, etc., as well as agreeing to our contractual terms and conditions, their ability to commit to getting their service up and online by January 1, 2028.

Solar renewable RFP information was received approximately three weeks ago. Thermal and transmission information was received almost two weeks ago. Mr. Dawson emphasized this is the "latest and greatest" as well as relevant pricing information. He added that the companies they have been communicating with are experienced and sizeable companies that have the experience and capabilities to provide this information and services.

He shared that the short list included the top two proposals (transmission RFP); top nine (solar) renewable RFP; and the top three vendors for thermal RFP. The chart demonstrated portfolio 6 and 9 and the make-up of resources required.

Mr. Dawson explained how they validated potential savings identified in the IRP. He reminded all present of the difference of the economic environment we are all currently in compared to June. He discussed recent natural gas price increases and other factors such as inflation and interest rates among others. He reminded everyone that we are going on a lot of assumptions because no one knows exactly how things can change. He stated that the RFP pricing information reflects these realities.

He addressed that solar PPA pricing has increased across the country and pointed out dramatic increases within six months. Report mentions inflation, supply constraints, higher materials cost, labor shortages, higher interest rates, etc. He pointed out that P25 solar prices in MISO jumped by 15.66%. He noted that year over year, MISO solar prices have gone up 29.6%.

He updated the RFP pricing for solar, thermal, and transmission compared to June. He pointed out that there has not been a cost increase in transmission since June. Thermal generation (3 vendors) updated pricing and in general reflects about 18% increase. He added that solar vendors have been facing increased costs in solar panels, land pricing, and other challenges. He explained this is a challenge for everyone nationwide and equates to an increase of 40% higher than in June. He added that the Inflation Reduction Act is keeping it at this and if President Biden had not signed it into law, it would go up to 65%.

Mr. Dawson started with TVA because they are the basis for comparison. He stated TVA announced they plan to add large amounts of new carbon-free generation and plan to reduce their carbon reduction by 70% in 2030 and 80% by 2035. He used an example that MLGW is "trying to build a house and a two-car garage" and TVA is "renovating a kitchen". He discussed the TVA levelized rate and the long-term plan that it provides. He added there is about a 3.1% base rate reduction and 5% energy carve-out benefit.

He explained how the 2020 IRP Portfolio 6 average cost was \$70.7/MWh and Portfolio 9 averaged \$69.6/MWh. In August 2022, Portfolio 6 increased cost to \$85.7/MWh and Portfolio 9 increased to projected cost of \$86.2/MWh. He explained that Portfolio 9 had more solar generation, so it increased more compared to Portfolio 6.

He continued explaining that MLGW received an updated, non-TVA full-requirements proposal TVA (more expensive than the other alternatives). Presenting the updated costing for Portfolios 6 and 9 are now more expensive than TVA LTP.

Evaluating TVA's LTP proposal as part of the MLGW's RFP process, comparing power cost for updated TVA A LTP and all RFP alternatives results in increased cost (no savings). Mr. Dawson reminded the Board that in June a sensitivity analysis and volatility of the market is revealed in these studies and comparisons. He added that TVA is a much more diversified system and with today's pricing, if we pursued portfolio 6 or 9, we would have higher costs and same non-financial risks such as building facilities, etc.

Mr. Dawson explained if MLGW executes the TVA LTP agreement, it would receive immediate 3.1% base rate reduction and can also pursue 5% carveout. The LTP option provides approximately \$152M (nominal dollars) in power supply cost savings from 2023 through 2027. He explained that LTP savings from 2023 through 2047 assuming LTP benefits begin in January 2023, MLGW would save approximately \$603 million dollars in savings, almost a billion dollars nominally. The average MLGW residential customer would save approximately \$32/year on their electric utility bill.

3. MLGW Recommendation for Power Supply - J. T. Young, President/CEO

President Young addressed the Board reminding them there will not be a vote today. This meeting is an informational meeting. A resolution will be brought to the board at a future board meeting.

President Young made the recommendation to award TVA the LTPP contract which demonstrates the greatest value and least risk for MLGW customers when compared to other RFP alternatives. He emphasized the basis of this recommendation is what is best for MLGW customers. He added other benefits of the LTPP contract including solar generation to support local renewable and sustainability goals. The contract also allows the opportunity for enhanced direct involvement in TVA planning and decision making.

President Young presented a slide providing an e-mail address for public comments and welcomed citizens to attend future board meetings to comment in person. In addition, the submitted proposals will be posted on MLGW's website. He explained that a resolution supporting the recommendation will be presented at a future board meeting. If the MLGW BOC approves the recommendation, a subsequent request for the Memphis City Council approval will follow.

In closing he thanked a numerous number of employees and others that have worked diligently on this project.


4. Questions/Discussion - MLGW Board of Commissioners


The Board of Commissioners were given the opportunity to ask questions regarding Mr. Dawson's presentation. He was able to respond to questions regarding advantages of TVA increasing solar options and cleaner power supply options. The Commissioners stated they look forward to seeing the proposals themselves and need some time to study those and absorb all of the details of today's meeting. In general, some of the Commissioners expressed concern with the long-term agreement. The Commissioners expressed appreciation to the staff and to the municipal mayors for their input. Chairman Graves asked if Jeff Lyash, TVA President/CEO, could be invited to attend the next board meeting to give a presentation and provide more clarity. President Young responded that he would contact Mr. Lyash.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:33 a.m.

(See Minute File No. 1474.)

Approved Without Interlineation

Chairman

These Minutes Compiled by Undersigned and
are Correct

Secretary-Treasurer